

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION**

**AT NASHVILLE, TENNESSEE**

**IN RE:**

<b>PETITION OF PIEDMONT NATURAL</b>	)	
<b>GAS, INC. FOR APPROVAL OF AN</b>	)	<b>DOCKET NO. 18-00126</b>
<b>INTEGRITY MANAGEMENT RIDER</b>	)	
<b>TO ITS APPROVED RATE SCHEDULES</b>	)	
<b>AND SERVICE REGULATIONS</b>	)	

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**CONSUMER ADVOCATE'S SECOND DISCOVERY REQUEST  
TO PIEDMONT NATURAL GAS COMPANY, INC.**

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To: Piedmont Natural Gas Company, Inc.  
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This Second Discovery Request is hereby served upon Piedmont Natural Gas Company, Inc. (Company), pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Unit of the Financial Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, 315 Deaderick Street, 20<sup>th</sup> Floor,

Nashville, Tennessee 37243, c/o Daniel P. Whitaker, III, on or before 2:00 p.m. (CDT), February 4, 2019.

These Additional Discovery Requests incorporate the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Discovery Request to Tennessee Piedmont Natural Gas Company* sent to the Company on January 18, 2019, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

### **FIRST DISCOVERY REQUESTS**

1. Regarding the payment of ad-valorem in the states of Tennessee and North Carolina, identify the due dates associated with the 2018 filing; i.e. Property valued as of December 31, 2018. If property is not valued annually as of December 31<sup>st</sup>, identify the date the ad-valorem valuation occurs along with the corresponding date(s) payment is due. Provide a separate response for each state.

#### **RESPONSE:**

2. Regarding response 1-4 (TIMP), for the three-line items posing the greatest risk, provide the following:
  - i. Provide the timeline for addressing the risk – if one has been established.
  - ii. Provide an explanation of how the risk will be addressed.
  - iii. If the 'Description' relates to a physical asset that has been replaced modified with capital expenditures that are included in this filing, identify the project.

#### **RESPONSE:**

3. Regarding Response 1-6, provide the portion of the Capital Expenditure forecast by category that is anticipated to be eligible for recovery under the IMR rider for each of the three identified years.

**RESPONSE:**

4. Identify the total contract labor costs included within new projects included in the IMR for the twelve-month period ending October 2018. Provide a discussion of how overhead labor, both Tennessee based as well as corporate overhead is capitalized on IMR projects performed by Piedmont employees contrasted with those performed by contract labor.

**RESPONSE:**

5. Please confirm whether Project FP173420 was complete and in-service as of October 31, 2018. If not, identify the date the project was completed, or is estimated to be complete. Provide any revisions to the initial estimated costs.

**RESPONSE:**

6. Response 11-e references the retirement of (presumably) 1950's main. A review of the response to Consumer Advocate request 5, indicates retirements related to IMR capital expenditures totaled \$7,100, none of which related to the FP1733763 project referenced in response 11-e. With respect to the retirements associated with Project FP 1733763, provide the following:
  - a. Identify the date the retirement has been recorded.
  - b. If the retirement has not been recorded, identify the estimated date it will be recorded.
  - c. Identify or estimate the amount of retirement that will be recorded.
  - d. Provide an explanation of why an April 2018 retirement was not recorded by October 2018. Provide a thorough explanation of the process used to identify and eventually record plant retirements.

- e. Hypothetically, if a retirement is recorded in November associated with a retirement that occurred in April, does Piedmont reverse the depreciation expense recorded in the intervening months of April – November?

**RESPONSE:**

- 7. Response to Consumer Advocate request 1-7 indicated main replacement costs of \$945 Thousand per mile. Of the 16 miles replaced, identify the number of miles in which rock was encountered.

**RESPONSE:**

- 8. Provide a comprehensive explanation why the cost per mile of main declined significantly in 2018 compared with prior years.

**RESPONSE:**

- 9. Notwithstanding the decline in costs in 2018, a historic review of the installation costs per mile of main seems extremely high. Provide a comprehensive explanation identifying the challenges incurred by Piedmont in the installation of Main throughout its Tennessee system. To the extent there are geological differences within its Tennessee system, identify the areas that are more problematic from a cost perspective.

**RESPONSE:**

- 10. Provide the cost per installed mile of main in North Carolina for each year, 2016 – 2018.

**RESPONSE:**

- 11. Provide a comprehensive explanation for the increase in labor capitalization rates in the current filing, contrasted with the Confidential response to Consumer Advocate 1-61 supplied in Docket No. 17-00138.

**RESPONSE:**

- 12. Regarding rebills issued in the period November 2017 – October 2018 that corrected volumes billed prior to November 2017 respond to the following:

- a. Confirm that the IMR charge included in the rebill incorporates the rate in effect during the original consumption month, and not the rate in effect within the current period. If this is not confirmed, provide a comprehensive explanation detailing the rebill process as it relates to IMR charges.
- b. Indicate whether rebilled volumes billed in the current IMR period that relate to previous IMR periods are included within the current period IMR revenue.
- c. Identify the net rebilled volumes by customer class billed within the November 2017 – October 2018 time period which relate to consumption occurring prior to November 1, 2017.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



**DANIEL P. WHITAKER III** (BPR No. 035410)

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Office of the Tennessee Attorney General

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 28<sup>th</sup> day of January, 2019.



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DANIEL P. WHITAKER III  
Assistant Attorney General